

**U.S. Department of Veterans Affairs
Capital Asset Realignment for Enhanced Services (CARES) Commission**

June 11, 2003
Crystal City, Virginia
Closed Session – Preparatory Meeting

Commissioners in Attendance:

Everett Alvarez, Jr., Chairman
Charles Battaglia
Joseph E. Binard, MD
Raymond Boland
Chad Colley
Vernice Ferguson, RN, M.A.
John Kendall, MD
Richard McCormick, PhD
Layton McCurdy, MD
Richard Pell, Jr.
Robert A. Ray
Sister Patricia Vandenberg, CSC
Raymond John Vogel, Vice Chairman
Jo Ann Webb, RN
Michael K. Wyrick, Major General, USAF (Ret.)
Al Zamberlan

Review of Changes in the CARES Process and Schedule

Chairman Alvarez opened the meeting by indicating that today's session would be closed to the public so that the Commissioners could meet informally with the staff to prepare for reviewing the draft national plan and conducting field hearings. He introduced the newest member of the Commission, Dr. Layton McCurdy, who is a psychiatrist and a native of South Carolina, where he has just finished being the Dean of the Medical School in Charleston.

The Chairman began by reviewing a memorandum Secretary Principi sent to Dr. Roswell on June 2, 2003 regarding revision and rescheduling of the CARES process. The Chairman said that when things reached the critical point in early June, the Secretary and Dr. Roswell agreed that the earlier schedule just hadn't allowed sufficient time to evaluate the market plans and make desirable adjustments before releasing a draft national plan and holding public hearings. Consequently, the Secretary's memo directs Dr. Roswell to "take the time to reassess the data and market plans" and to submit a Draft National Plan to the Secretary by the end of June. The Secretary, in turn, will submit it to the CARES Commission by the end of July.

The Chairman said that the discussions behind this memorandum indicated that not enough hard decisions were made.

The plan now is to go back out to the VISNs. The VISNs are to get back to the Under Secretary by June 15. The Under Secretary will send the draft plan to the Secretary by June 30. The Secretary will review the plan during the month of July and get it to the Commission by August 1. The Commission's reporting date had been changed from October 10 to the end of the calendar year.

To allow two months for the Commission to write its report, the public hearings will have to be finished on or about October 1. This is also necessary to avoid problems that might arise from crossing fiscal years and operating under a continuing resolution. The Chairman said he has asked the Executive Director, Mr. Larson, for a plan to begin the Commission hearings in August.

The Chairman said several things had happened as a result of the changes. One is that the Commission will now have a chance to look at some of the sites they were not going to be able to visit under the previous plan. This will make it possible to fix some gaps in visiting certain locations, such as West Virginia, where four VISNs are located but no hearings are scheduled. Another is that the Commissioners and staff will need to look at their personal planning and schedules and reassess their availability for the new time period.

The Chairman also indicated that lots of unanticipated things were discovered in gearing up for the Baltimore hearing, previously scheduled for June 12. Noting that the Commission was relying on the VISNs for witness lists, the Chairman said it became clear that too many witnesses were being invited and that the process needs fine-tuning. He said he wants to have a discussion of this and get some ideas.

There also had been a surprising reaction from internal VA sources. Commonly asked questions were: "Why are the VISNs defending the plan?" and "Why do we have to testify?" The Chairman said that he, Executive Director Richard Larson, and the Commission's experts had briefed the Secretary on the experts' review of VA's planning model and the need for some changes and a sensitivity analysis. The Secretary indicated that he wants the problems fixed.

Finally, the Chairman said that he and Mr. Larson have developed some suggestions for reorganizing the Commission teams and staff that will be presented later in the day. Mr. Larson outlined the agenda for the day. Noting that the Secretary's memorandum changes the Commission's previous timetable, Mr. Larson said he would distribute a suggested new general schedule and a suggested realignment of Commission teams. After that, Kathy Collier will talk about site visits. Finally, a new hearing schedule will be proposed. He also introduced Bill Brew as the Commission's newest staff member.

Commission Discussion

A Commissioner asked for an interpretation of the second sentence in the third paragraph of the Secretary's memo: "I expect that any infrastructure needs for long-term psychiatric care, nursing home care or the domicilliarities can be accommodated within the planning initiatives used for the initial CARES evaluation." Specifically, he asked if this means this information will now be included in the CARES plan. Chairman Alvarez and Mr. Larson said they had not been notified of any specific intentions associated with that sentence. The Commissioner stated his view that it is extremely important they be included.

A Commissioner said VA should also look again at the data – he is not satisfied with limiting the data to enrollees. He believes VA should be considering the total number eligible. Another replied that the number of current enrollees provide the only sound basis VA has for projecting users. If they don't use enrollees, what percentage of eligible veterans will use the service and how do we know? Another Commissioner said VA has learned that "If you build it, they will come." The Commissioner agreed, but said only up to a point, noting that VA still has no way of knowing how much of a new structure's capacity will be used unless it bases its projections on enrollment. Another Commissioner noted that the converse is true: "If you take it away, they won't use it," and yet the need will still be there, the eligible veterans will still be there, but they won't have access.

The Chairman noted that VA is trying to reallocate facilities for 20 years down the road. The Commission's job is to try to determine where the new capacity should be and what type it should be. He suggested there are lots of factors in determining how many eligible veterans will actually enroll and use VA services, including prescription drug benefits for seniors under Medicare. A Commissioner noted that VA is starting from a point where it has huge differences in market penetration. He would not want to see these differences built in for the longer term. A Commissioner said many people start using the system when they lose other coverage, such as employer insurance.

One Commissioner said the organizational culture of VA seems to be causing the current chaos, suggesting VA might have to give its Directors some incentive to make dramatic changes. Right now, that responsibility seems to be on the central office. Another Commissioner said the question of how to incentivize is very important. Someone needs to lead the VISNs to come to their own conclusions about the need for change. They need to think about budgetary issues, aging facilities, the aging population and civilian healthcare and retirement program changes and their effects. These kinds of things should be laid out for the VISN – make them leaders. Get them involved in what could and should be done. A Commissioner noted that this may be a leadership issue, and that this should not be a “who gets the pain?” issue but a question of how to better serve our veterans. A Commissioner added that the focus should be on providing the greatest amount of care, not on geographic equality.

The American Legion membership was cited to illustrate the difficulty of using figures other than enrollment as a basis for projections. The American Legion is the biggest VSO, yet only three million of 25 million veterans belong to the Legion and, of those, maybe 50 percent use the VA healthcare system.

A Commissioner said he welcomes the pause. It will give the Commission a chance to focus on the “big picture” issues. The previous plan had the Commission looking at maybe 20 facilities with major mission changes, and VA was even backing away from some of those. He said he doesn't want to just “rubber stamp” another wish list. He wants the Commission to look at the big issues – realignment.

A Commissioner said the question is “If you were starting to build new, what would you do?” He said two problems present themselves: small facilities and facilities in places they are not needed anymore. Long-term psych, long-term care and domiciliary facilities are the ones most in need of attention, and they are off the table.

Proposed New Schedule for the Commission

Mr. Larson informed the Commission that their information packets for this meeting include several important documents: the final report of the Commission's experts on the CARES model, extracts of GAO reports relating to VA facilities and a summary of the President's Task Force's recommendations. Mr. Larson said the Commission will be receiving information from GAO on a continuing basis.

Mr. Larson next presented a proposed new general schedule to the Commission adjusting all dates to accommodate the revised CARES process. The key dates in the revised schedule are:

- June 15 – Revised market plans submitted to NCPO
- June 30 – Dr. Roswell's plan due to the Secretary
- July – Commission site visits:

These will involve one or two Commissioners accompanied by staff. Visits to be longer than originally planned. Because of the change there will now be an opportunity to

gather and transfer more information. August 1 – Commission receives Draft National CARES Plan from the Secretary, who will review the plan before it comes to the Commission.

- August 6-7 – Full Commission meeting in Washington, DC. Agenda to include:
 - Taking final action on the report on the model.
 - Briefing from Dr. Roswell on Draft National CARES Plan.
 - Staff presentations on Draft National CARES Plan.
 - Review and approval of hearing plan.
- August 12 – Initial hearings. Both teams to be involved (a proposed reorganization will reduce the number of Commission teams from three to two).
- August 13 – Preparatory/administrative Commission meeting in Washington to critique the hearings.
- August 18 – Begin full schedule of hearings.
Current plan is to have field hearings over an eight-week period with no National hearing.
- October 3 – Complete field hearings.
Mr. Larson noted that travel may be very constrained after October 1 due to the possibility of a continuing resolution during the early part of the fiscal year.
- October 28, 29, 30 – Full Commission meeting in Washington, DC. Public meeting to make decisions and identify outstanding issues.
- Week of November 17 – Full Commission meeting to resolve remaining issues, make further decisions and review initial draft report.
- Week of December 18 – Finalize Commission report and transmit to the Secretary.

Chairman Alvarez opened for discussion as to whether to cancel the National Hearing. The idea of a National Hearing had been dropped because some of the same people are being invited to the field hearings and because the Commission had already heard from the National VSOs, but he indicated a willingness to be persuaded otherwise on this matter.

A Commissioner said there appears to be significant Congressional interest and that Members want to talk with the Commission. Chairman Alvarez agreed, but noted that Members are interested in exchanging information and views, not necessarily in presenting testimony. Vice Chairman Vogel expressed the view that Congress will call for its own hearing when the Commission is all done. He also noted that there can be a very large gap between local-level VSO views and National-level VSO views.

A Commissioner said that if the Commission is going to have a National hearing, it should do so early. He also suggested it might be possible to have a team of Commissioners talk to Congressmen before the hearings.

A Commissioner said there is a need to brief key Members on what the Commission is doing before it issues a report. Asked whether this should include briefing them before the Commission goes out for hearings, the Commissioner said that all the Commission would have to talk about at that point would be the process. He suggested doing it both ways in order to keep a dialogue going.

A Commissioner noted that although the Commission had heard from National VSO leaders, it was before they had seen the plan. He suggested they may want to weigh in again after the plan is issued. Another said the Legion will have people at every hearing – they are already being lined up. He assumes the other big VSOs will do something similar.

A Commissioner said he thinks maybe the Commission should have a National hearing; it might be taking a risk if it doesn't have one.

Chairman Alvarez asked the staff to work with Assistant Secretary Gordon Mansfield to get the right people invited. A Commissioner asked that the staff not stop with just Congressional Affairs.

Another Commissioner added there needs to be some kind of a check against the VISNs not getting the right people on the invitation list.

Discussion of Veterans Use Projections

Chairman Alvarez asked staff member Randy Estes of the Commission's professional staff to give the Commission a quick overview of how the CARES process dealt with the question of eligible veterans versus enrollment. Mr. Estes said that census data provided the total number of veterans by geographic area. Milliman was instructed to take this population data and project how much medical services would be used if they were in the private sector, *i.e.*, regardless of enrollment and regardless of whether any facilities were available. After this, Milliman was asked to estimate how many veterans would enroll if care were available. He said the inability of the model to deal with long-term care and mental health stems from the fact that the private sector doesn't provide the services that VA does in these areas. After Milliman got enrollment by area, then it looked at access.

A Commissioner said the Commission shouldn't fall into a trap here. VA can provide care by buying services for veterans as well as by building bricks and mortar.

Realignment of Commission Teams

Mr. Larson described a proposed realignment of Commission Teams. He said he had originally believed that the Commission could accomplish more if it had three teams. He has since come to understand that the number of teams is not the key variable; the number of available Commissioners is the key variable.

The proposed realignment would switch to two teams of eight Commissioners each. For the Commission, the advantages of this approach are:

- There is more flexibility. The arrangement will make it easier to get four Commissioners for a hearing.
- The new schedule gives the Commission eight weeks to work with instead of six.
- The schedules will allow three hearings per team per week, but individual Commissioners won't have to do all 19 team hearings.
- With the previous alignment, each team would be familiar with only one-third of the market plans; with two teams, each will be familiar with one-half. This will make it easier to get up to speed with the rest of the plans at the end of the process – each team will only have to familiarize itself with the other half instead of the remaining two-thirds.
- The Commission as a whole will be able to deploy the Chairman as needed, instead of only to fill gaps created by others' schedules.

There will also be advantages for the staff. It will be able to provide better support before, during and after the hearings by assigning three staff to each team instead of two. Additionally, the Executive Director will be able to specialize the staff. One staff group will be in charge of logistics – organizing and arranging. Another group will be the writers – note takers and reporters. A third staff group – the largest group --will be subject matter experts. This group will serve as the on-site experts and be responsible for information transfer.

Chairman Alvarez said he would like Vice Chairman Vogel and Commissioner Battaglia to be the two team leaders, with Commissioners Ferguson and Wyrick, serving on both teams, as backup. He asked for Commission input on the realignment.

A Commissioner said the bottom line is the report, and he believes the realignment will make it easier to get the report completed.

Another Commissioner asked what the Commission would learn at the hearings that will impact the report. Mr. Larson replied that the purpose of the hearings is to establish a public record that will form a basis for Commission recommendations to the Secretary and, ultimately, for the Secretary's decisions. The Commission will obtain stakeholder testimony and have the opportunity to ask questions. In response to a follow-up question, Mr. Larson said the hearings would be concerned more with the content of the plans than on process.

A Commissioner asked if the question referred to what kind of data the Commission can expect to get from the hearings that will be useful. Mr. Larson replied that, in advance of the hearings, the staff will assemble data on the market area so the Commissioners can ask questions and that the Commission is not likely to get much new data from the hearings.

A Commissioner said the hearings provide the Commission with the opportunity to ask the tough questions. The idea is to determine if the market plan does a good job and selects the right option.

A Commissioner said some stakeholders will be diametrically opposed to the plan. The Commission has to take a broader view and provide the Secretary with an evaluation of the situation and options that goes beyond this testimony. Chairman Alvarez added that the Commission has to go through the weighing process for the Secretary.

A Commissioner said he sees the Commission's role also as being a sounding board for the Secretary; a way to open up the process.

A Commissioner expressed the view that the Commission should go in as unbiased as possible – listen to the plan, stack it up against the need to improve the delivery of services to veterans and the Secretary's goal of providing a quality health care system. Mr. Larson said that raised a tactical question for him, namely whether the Commissioners should go into the hearings with an open mind and assess all factors or whether they should take a position in advance and make sure they ask the questions that will build a record to support the conclusion. In the end, it will be important for the record to support the conclusions. He further wondered if the Commission as a whole should develop some notion before the hearings of how certain types of issues – small facilities, for example – should be handled.

A Commissioner said he believes the Commission should stay flexible. Another expressed the view that the Commission would not be able to develop conclusions and recommendations through individual hearings – it will have to be done at a macro level: "Redeploy \$X worth of resources for the general good." He said there will be negatives at the local level. The Commission needs to paint "the big picture." Another Commissioner said he agrees up to a point, but believes that the details of what's proposed at local levels are critical; redeployment will create gaps and problems. He said the Commission will be armed with information and should ask the tough questions.

A Commissioner said he has a bias toward making this work. The Commission must recognize it can't fix every problem – it's the only way to get to a final report.

A Commissioner said a key question for him is whether the Commission accepts the criteria. Are they reasonable everywhere across-the-board or are exceptions needed for some VISNs?

Chairman Alvarez asked for and received Commission agreement on the two-team alignment, with Vice Chairman Vogel and Commissioner Battaglia as team leaders and Commissioners Ferguson and Wyrick, serving on both teams, as backup.

Plan for Site Visits

Kathy Collier of the Commission's professional staff presented the site visit plan, distributing a site visit protocol and proposed schedule. She said the idea is to get first-hand knowledge of VA's capital assets and associated operational issues. It will be a chance to meet informally with VISN leadership and stakeholders. Site visits will also provide exposure to the influences on what is in the plan. She said the issues related to each facility are local. Site visits will let the Commissioners see what is unique and where the commonalities lie. They are a part of building the public record. They also provide a chance to have a dialogue about what the Commission is all about and what it is going to do.

The plan is to have two Commissioners and one or two staff conduct the site visits, with one Commissioner and one staff coming from the Team responsible for that VISN. Chairman Alvarez added that there can be more than two Commissioners per site visit.

Staff will prepare the Commissioners for site visits. Information about the site will be developed in advance and the mini-market plans will be reviewed. Potential discussion topics will be developed. This approach will also give the staff a chance to work with VISN people who will be engaged in hearing support activities. She noted that the site visits would also give the Commissioners and staff a chance to become familiar with some logistics issues before the hearings.

Ms. Collier called the Commission's attention to Attachment 1 of the protocol, which lists suggested questions for use in documenting the site visits.

Ms. Collier next discussed the proposed site visit schedule with the Commission – Attachment 2 to the protocol – listing specific sites, proposed dates and suggested Commissioners and staff. She said the proposal had been put together using availability based on the original hearing schedule, but that San Juan, Puerto Rico had been added to the list because it has some unique aspects to visit with. The schedule also indicates the opportunities available for visit at the various facilities keyed to the mini-market plans. Preparation time for the staff to work with the VISNs has been built into the schedule.

Discussion

A Commissioner noted that by the time of the site visits, the Commissioners will have seen the gaps but not the market plans. He likened the situation to "going out with a patch over one eye." He expressed the view that it will make it hard to have discussions. Another Commissioner commented that the Commissioners would hear the market plan once they get out there. Mr. Larson said the staff is working with the mini-market plans, but that the plans themselves are still pre-decisional and the firewall for the Commissioners will remain in place until the Secretary approves the Draft National Plan. It was noted that a major reason for doing site visits was to be able to say "a Commissioner was there." Additionally, they will help the Commissioners get familiar with the issues.

A Commissioner noted that the VISNs may be finding themselves between a rock and a hard place – between the Secretary and the stakeholders.

A Commissioner asked what the basis was for the site selection in the proposed schedule, asking whether the Commission needed to visit *all* aspects of CARES. Ms. Collier replied that the original schedule, the mini-market plans and the mix of the various types of issues (small facilities, access, etc.) were all factors in selecting sites. She said not all small facilities are on the site visit list but there is a good selection.

A Commissioner asked whether the VISN headquarters people will go to these sites for the visits. Ms. Collier said the staff believes they will.

A Commissioner asked whether the protocol would require visiting Commissioners to make an exit visit. Ms. Collier replied in the affirmative.

A Commissioner asked whether Commissioners could suggest additions to the list. Chairman Alvarez said Commissioners should feel free to indicate any changes they would like to have made. Asked whether the visits would be one-day trips, Mr. Larson replied that the plan is for two-to-three days per VISN. After discussion, a new proposed list and schedule, which was compared to commissioners' schedules, was developed.

The Commission discussed whether to include state veterans homes in the site visit list. A Commissioner said VA will be getting out of long-term care, which means more veterans will be going to state homes. He thinks the Commission should take a look and that issues include who manages them and how they get funded. Another Commissioner said he views state homes as part of the VA system – it is a partnership. The issue with state homes is capacity. A third Commissioner said VA has oversight of the state homes – they are not separate systems. Commissioners discussed whether there is an increase in VA's per diem rate for state home care. Another Commissioner said it would make sense for VA to come up with expansion money for capacity as a one-time item.

Chairman Alvarez thanked the Commission for agreeing to participate in the site visits, noting that minor adjustments may yet be made.

Revised Hearing Schedule

Rebecca Wiley and Randy Estes of the Commission's professional staff distributed a proposed hearing schedule, starting August 12 and ending September 30. The Commissioners were asked to indicate their availability for all proposed hearing dates as well as their preferences. It was emphasized that "being available" on a given date doesn't mean that a Commissioner will definitely be assigned to a hearing on that date..

The staff asked the Commissioners to take the schedule home and check on the dates. Commissioners were asked to e-mail or fax their availability and preferences by Monday. It was also noted that in planning for availability, Commissioners should be available the day before and the day after a hearing for travel.

Mr. Estes said the draft schedule had been put together to facilitate travel. Hearings were scheduled in blocks of three per week. Where team schedules cross over weekends, Commissioners will have the option of returning home or going directly from one venue to the next venue.

For the initial hearings, now scheduled for August 12, Team A will travel to Cleveland and Team B will travel to Baltimore. On August 13, the full Commission will convene in Washington, DC to discuss their experiences in preparation for the following hearings.

One Commissioner raised the issue of site visits. After he asked what the product of the site visits were to be, Mr. Larson replied that the products would be staff reports. The reports will serve as a pre-hearing document for Commissioners to review. The Commissioner also suggested that the Commission might consider eliminating the proposed site visit to Alaska. Chairman Alvarez asked the staff to consider whether the cost of this site visit is justified.

Another Commissioner asked for more information on enhanced use. The Chairman said the staff will send out additional information.

Regarding the hearing process, Bill Brew of the Commission's professional staff suggested the Commission manage them tightly to avoid unnecessarily long hearings.

Concerning **travel logistics**, Ms. Shirley Lai of the Commission staff said there may be a problem with wait times with the new travel agency. She asked that Commissioners let her make the travel reservations for them to avoid problems. Mr. Larson said that, for the hearings, Commissioners should give Ms. Lai their itinerary from home to their first meeting of the week and from their last meeting to home. In between, the Commissioners will travel as a group.

There was a brief discussion of problems with processing honorariums. Chairman Alvarez advised the Commissioners to check with their banks regularly.